

Earnings Update
Reviewed First Quarter Results
June 30, 2011



The Board of Directors of The Jammu & Kashmir Bank Ltd. at their meeting held on July 30, 2011 took on record the reviewed financial results for the First Quarter ended June 30, 2011.

Performance Highlights for the quarter ended June 30, 2011:

- Net Profit up 25 % at Rs 182.29 crore for the quarter ended Jun, 2011 as compared to Rs 145.49 crore earned during the quarter ended Jun, 2010.
- EPS for the quarter ended Jun, 2011 at Rs 37.60 up 25 % from Rs 30.01 earned during the corresponding quarter of previous financial year.
- NIMs (Net Interest Margins) Ratio for the quarter ended Jun, 2011 improved to 3.82 % (annualized) vis-à-vis 3.70 % for the corresponding quarter of previous financial year.
- The Yield on Advances (annualized) for the current quarter stood at 11.42 % compared to 10.86 % for the quarter ended Jun, 2010.
- Business per Employee and Net profit per Employee (annualized) improved to Rs 8.77 crore and Rs 9.21 lakh respectively for the quarter ended Jun, 2011 from Rs 7.78 crore and Rs 7.46 lakh pertaining to the quarter ended Jun, 2010.
- Gross and Net NPA's as percentages to Gross and Net Advances as on Jun, 2011 at 1.97 % and 0.22 % respectively.
- NPA Coverage Ratio as on Jun, 2011 at 92.46 % well above RBI stipulated norm of 70 %.
- Post tax Return on Assets at 1.49 % (annualized) for the quarter ended Jun, 2011 compared to 1.34 % for the corresponding period of the previous financial year.
- Post Tax Return on Average Net-Worth (annualized) for the quarter ended Jun, 2011 at 20.43 % compared to 18.88 % recorded for the corresponding quarter a year ago.
- Cost to Income Ratio at 37.25 % for the current quarter which was at the same level for the quarter ended Jun, 2010.
- Comfortable Capital Adequacy Ratio (Basel II) at 14.37 % as on June, 2011 compared to 16.14 % as on June, 2010.

Profit & Loss Account

Amount in Rupees crore

Particulars	Q 1 FY '11-12	Q 1 FY '10-11	% Change	Year Ended Mar, 2011
Interest Earned	1055.91	865.69	21.97%	3713.13
Interest Expended	618.71	499.92	23.76%	2169.47
Net Interest Income	437.20	365.77	19.53%	1543.66
Other Income	67.00	93.69	-28.49%	364.76
Operating Income	504.20	459.46	9.74%	1908.42
Operating Expenses	187.82	171.17	9.73%	758.93
Operating Profit	316.38	288.29	9.74%	1149.49
Provisions & Contingencies	44.48	70.03	-36.48%	215.10
PBT	271.90	218.26	24.58%	934.39
Tax Provision	89.61	72.77	23.14%	319.19
Net Profit	182.29	145.49	25.30%	615.20
Share Capital	48.49	48.49	0.00%	48.49
EPS in Rs.	37.60	30.01	25.29%	126.90
Net Interest Margins	0.95%	0.92%	-	-
Net Interest Margins (Ann.)	3.82%	3.70%	-	3.62%

Balance Sheet

Amount in Rupees crore

Particulars	As on Jun 30, 2011	As on Jun 30, 2010	% Change
Capital & Liabilities			
Capital	48.49	48.49	0.00%
Reserves & Surplus *	3612.49	3107.46	16.25%
Deposits	43077.93	37629.36	14.48%
Borrowings	1248.39	1600.22	-21.99%
Other Liabilities & Provisions	1037.30	1130.19	-8.22%
Total	49024.60	43515.72	12.66%
Assets			
Cash & Bank Balance	2875.21	2470.81	16.37%
Balance with Bank and Money at Call & Short Notice	589.10	305.48	92.84%
Investments	18164.39	16868.18	7.68%
Advances	26403.47	23035.32	14.62%
Fixed Assets	391.96	205.54	90.70%
Other Assets	600.47	630.39	-4.75%
Total	49024.60	43515.72	12.66%

* Includes Retained Earnings

Segmental Revenues & Profits:

Revenues

Amount in Rupees crore

Particulars	Q 1 FY 11-12	Q 1 FY 10-11	% Change	Year Ended Mar 2011
Treasury Operations	320.75	278.87	15.02%	1197.66
Corporate / Wholesale Banking	423.08	363.32	16.45%	1383.82
Retail Banking	481.67	429.76	12.08%	1925.08
Other Banking Business	10.02	8.61	16.38%	34.59
Less Inter Segment Revenue	112.61	121.18	-7.07%	463.26
Net Income from Operations	1122.91	959.38	17.05%	4077.89

Profits

Amount in Rupees crore

Particulars	Q 1 FY 11-12	Q 1 FY 10-11	% Change	Year Ended Mar 2011
Treasury Operations	4.11	-7.75	153.03%	-4.87
Corporate / Wholesale Banking	230.22	168.97	36.25%	583.31
Retail Banking	29.08	49.69	-41.48%	327.71
Other Banking Business	8.49	7.35	15.51%	28.24
Total Profit before Tax	271.90	218.26	24.58%	934.39

Break-up:**1. Interest Earned**

Amount in Rupees crore

Particulars	Q 1 FY 11-12	Q 1 FY 10-11	% Change	Year Ended Mar 2011
On Loans & Advances	750.65	625.95	19.92%	2629.60
Investments	299.27	236.41	26.59%	1066.15
Inter Bank Funds	5.99	3.33	79.88%	17.38
Total	1055.91	865.69	21.97%	3713.13

2. Interest Expended

Amount in Rupees crore

Particulars	Q 1 FY 11-12	Q 1 FY 10-11	% Change	Year Ended Mar 2011
Deposits	589.95	477.47	23.56%	2069.17
Borrowings	15.26	8.95	70.50%	46.30
Others (Subordinated Debt)	13.50	13.50	0.0%	54.00
Total	618.71	499.92	23.76%	2169.47

3. Other Income

Amount in Rupees crore

Particulars	Q 1 FY 11-12	Q 1 FY 10-11	% Change	Year Ended Mar 2011
Commission / Exchange	34.15	35.39	-3.50%	146.01
Insurance Commission	7.42	6.44	15.22%	26.14
Treasury / Trading Income	10.13	33.63	-69.88%	92.38
Miscellaneous Income	15.30	18.23	-16.07%	100.23
Total	67.00	93.69	-28.49%	364.76

Break-up:**4. Provisions & Contingencies**

Amount in Rupees crore

Particulars	Q 1 FY 11-12	Q 1 FY 10-11	% Change	Year Ended Mar 2011
Provision for Tax	89.61	72.77	23.14%	319.19
Provision for Bad & Doubtful Debts	25.00	44.00	-43.18%	130.00
Provision for Depreciation on Investments	3.66	25.85	-85.84%	41.03
Provision for Funded Interest on Term Loan	2.91			5.00
Provision for Frauds/ Embezzlements	0.41	0.18	127.78 %	1.95
Contingencies	3.68			21.04
Provision for diminution in fair value of Restructured / Rescheduled advances	8.82			16.08
Total	134.09	142.80	-6.10 %	534.29

5. Deposits

Amount in Rupees crore

Particulars	As on Jun 30, 2011	As on Jun 30, 2010	% Change	As on March 31, 2011
Demand Deposits	4197.68	3801.44	10.42%	5359.87
Saving Deposits	13203.66	10437.40	26.50%	12726.83
Term Deposits	25676.59	23390.52	9.77%	26589.24
Total	43077.93	37629.36	14.48%	44675.94

Categorization of Investments (I)

Amount in Rupees crore

Particulars	As on Jun 30, 2011	As on Jun 30, 2010	% Change	As on March 31, 2011
Held to Maturity (HTM)				
□ Government & other approved Securities	9448.09	8012.92	17.91%	9474.31
□ Shares				
□ Debentures & Bonds	233.86	309.63	-24.47%	236.15
□ Subsidiaries & Joint Ventures	27.11	27.11	0.00%	27.11
□ Others	2420.01	1802.07	34.29%	2489.61
Sub-Total	12129.07	10151.73	19.48%	12227.18
<i>Percentage of HTM to Total Investments</i>	<i>66.77%</i>	<i>60.18%</i>		<i>62.08%</i>
Held for Trading (HFT)				
□ Government & other approved Securities	4.83			
□ Shares	2.05	0.18	1038.89%	0.49
□ Debentures & Bonds				
□ Subsidiaries & Joint ventures				
□ Others				
Sub-Total	6.88	0.18	3722.22%	0.49
<i>Percentage of HFT to Total Investments</i>	<i>0.04%</i>	<i>0.00%</i>		<i>0.00%</i>
Available for Sale (AFS)				
□ Government & other approved Securities	660.13	1662.17	-60.29%	860.87
□ Shares	270.95	341.41	-20.64%	291.46
□ Debentures & Bonds	1645.06	1285.49	27.97%	1695.04
□ Subsidiaries & Joint ventures				
□ Others	3452.30	3168.43	8.96%	4620.73
□ Debt / Money Market related MFs		258.77	-100.00%	
□ Reverse Repo				
Sub Total	6028.44	6716.27	-10.24%	7468.10
<i>Percentage of AFS to Total Investments</i>	<i>33.19%</i>	<i>39.82%</i>		<i>37.92%</i>
Total Investment	18164.39	16868.18	7.68%	19695.77

Categorization of Investments (II)

Amount in Rupees crore

Particulars	As on Jun 30, 2011	As on Jun 30, 2010	% Change	As on March 31, 2011
SLR Securities	10113.04	9675.09	4.53%	10335.19
Non SLR Securities	8051.35	7193.09	11.93%	9360.58
Total Investment	18164.39	16868.18	7.68%	19695.77
SLR Securities as % age to total Investments	55.68%	57.36%		52.47%
Non SLR Securities as % age to total Investments	44.32%	42.64%		47.53%

Analytical Ratios:

Particulars	Q 1 FY '11-12	Q 1 FY '10-11	Year Ended Mar 2011
Net Interest Margins (%)	0.95	0.92	
Annualized	3.82	3.70	3.62
Yield on Advances (%)	2.85	2.72	
Annualized	11.42	10.86	10.68
Yield on Investments (%)	1.58	1.53	
Annualized	6.32	6.14	6.34
Cost of Deposits (%)	1.34	1.28	
Annualized	5.38	5.10	5.05
Post Tax Return on Assets (%)	0.37	0.33	
Annualized	1.49	1.34	1.22
Post Tax Return on Average Net-worth (%)	5.11	4.72	
Annualized	20.43	18.88	18.96
Cost to Income Ratio (%)	37.25	37.25	39.77
Credit / Deposit (CD) Ratio (%)	61.29	61.22	58.63
CASA Ratio (%)	40.40	37.84	40.48
Business per Employee (In Rupees lakh)	877.18	778.15	892.79
Net Profit per Employee (In Rupees lakh)	2.30	1.87	
Annualized	9.21	7.46	7.75
Number of Employees	7921	7796	7938
Business Per Branch (In Rupees crore)	126.56	113.18	129.32
Net Profit per Branch (In Rs lakh) Annualized	132.82	108.57	112.26
Branches- Excluding Extension Counters / Controlling Offices	549	536	548
Gross NPAs (In Rupees crore)	528.33	450.74	518.83
Net NPAs (In Rupees crore)	58.35	8.72	53.24
Gross NPA Ratio (%)	1.97	1.92	1.95
Net NPA Ratio (%)	0.22	0.04	0.20
NPA Coverage Ratio (%)	92.46	98.62	92.71
Capital Adequacy Ratio (%) Basel I	13.72	14.83	13.30
i. Tier I	11.30	12.03	10.99
ii. Tier II	2.42	2.80	2.31
Capital Adequacy Ratio (%) Basel II	14.37	16.14	13.72
i. Tier I	11.83	13.11	11.33
ii. Tier II	2.54	3.03	2.39
Earning per Share (In Rupees)	37.60	30.01	
Annualized	150.41	120.05	126.90
Net Asset Value (In Rupees)	755.19	651.01	717.58
Adjusted Book Value (In Rupees)	743.15	649.21	706.60
Dividend Payout Ratio (%)	-	-	20.49
Dividend Yield (%)	-	-	3.21

Shareholding Pattern (as on July 22, 2011):

S No.	PARTICULARS	NUMBER OF SHARES		TOTAL SHARES	% TO CAPITAL
		PHYSICAL	ELECTRONIC		
1.	GOVERNMENT OF J&K		25775266	25775266	53.17
2.	INDIAN MUTUAL FUNDS		1332736	1332736	2.75
3.	INSURANCE COMPANIES		215608	215608	0.44
4.	BANKS		8147	8147	0.02
5.	NON RESIDENT INDIANS	1500	227841	229341	0.47
6.	FOREIGN INST. INVESTORS		11708437	11708437	24.15
7.	BODIES CORPORATES	24094	3574168	3598262	7.42
8.	RESIDENT INDIVIDUALS	1972104	3633318	5605422	11.56
9.	CLEARING MEMBERS		4583	4583	0.01
	TOTAL	1997698	46480104	48477802	100.00

For more information, contact:

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